

# LOGO

THE FIEGE MAGAZINE

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**ESPRIT AND FIEGE  
TAKE INTO OPERATION  
CUTTING-EDGE LOGISTICS CENTER**



**FIEGE**

The World of Logistics

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About us:

## Focussing on sectors

“Go live” for the logistics center in Mönchengladbach –  
“Go live” for the further joint, productive co-operation  
between Esprit and Fiege!

**J**uly 1, 2012 marks the day on which the logistics center in Mönchengladbach, equipped with the latest technology, took up operations. The modern complex was engineered and built by Fiege Engineering. The continuation of the co-operation between our company and the internationally-renowned fashion brand Esprit is proof of a long-standing, functional partnership which started over twelve years ago.

The fact that we are headed for the future from a good vantage point is equally reflected in the fortification of our market position in the Far East. In Lingang, some 60 kilometres southeast of Shanghai, a further center of the Fiege Group dedicated to the fashion industry was opened in

June. And in Münster, at the new German fashion facility of the Fiege Group, our company took up supply chain operations for Primera and More&More.

It is not those who offer everything, but those who offer something special that markets want these days. And Fiege targets eight very specific sectors with its contract logistics: FM-CG, healthcare, media, fashion, high-tech/electronics, retail, industrial goods and tyres. To offer supply chain solutions to perfection for these fields is our mission, notably for all regions in which the Fiege Group is represented. This is how we intend to convince our customers and inspire them with our know-how.

Your LOGO editorial team





## JFS supports students' drive



Right in front of Münster's Schloss is where the students revealed the cheque donated by the Josef Fiege Foundation and handed to them by Stephan Meyer (left, front row).

● They want to assist in achieving one of society's greatest challenges – educational equality – so the goal of the Münster-based students' drive is called ROCK YOUR LIFE! This commitment on behalf of the students recently received the support from the Josef Fiege Foundation (JFS), which handed a cheque for the amount of Euro 4,000 to the students in July. The programme of ROCK YOUR LIFE! Münster sees students accompany secondary school pupils in their final two school years before obtaining their school-leaving qualifications. It is through Julius Wegmann, a working student with Fiege in Greven and participant of this students' drive, that the Josef Fiege Foundation learned about this project. Its convincing concept and the extensive commitment of the students met with much enthusiasm from the governing body and board of trustees of the Josef Fiege Foundation, leading to the decision to support the project. "We are highly pleased that young people are willing to dedicate their free time to helping each other, with the aim of ensuring equal opportunities. Our society needs such personal commitment and naturally we, as a company, also benefit from qualified and motivated employees", said Stephan Meyer, member of the governing body of the Josef Fiege Foundation.

# NEWS

## Day of Logistics at Mega Center Erfurt

● The Germany-wide Day of Logistics in April of this year was also the perfect occasion for an emergency drill at the Fiege Mega Center Erfurt. In co-operation with fire fighters from the district of Nesse-Apfelstädt, the Workers' Samaritan Federation, the Wissenschaftliche Gesellschaft für Gefahrguttransporte – a forum for scientists and practitioners working in the field of transporting hazardous goods – and the regional Thuringia group of Germany's logistics association, the BVL, carried out the exercise. The aim of the event was to transparently showcase the interaction between the various teams. The Day of Logistics also witnessed some 80 pupils from the 6<sup>th</sup> form of the Neudietendorf grammar school visit the logistics center in Apfelstädt in order to learn with the help of practical examples what logistics is and how it works. That logistics is anything but lugging sack carts and instead is mainly governed by technology and IT is what the pupils learned during a tour of the warehouse. The e-commerce activities for the fashion and electronics segments were highly captivating for the girls as well as boys. It remains to be seen which one of the visitors will apply for an apprenticeship with Fiege in the years to come.



An accident involving hazardous goods was simulated as an emergency case.

# Fiege is “Supplier of the Year”

● The leading agricultural engineering company CLAAS KGaA mbH honoured the supply chain competency of Fiege at its 8<sup>th</sup> Suppliers' Day by naming Fiege “Supplier of the Year” in the field of logistics before some 600 participants who had convened in Harsewinkel, Germany. Fiege thus managed to make it to the top of CLAAS' list of logistics providers practically out of the blue. Fiege has been handling the storage and finishing of engines as well as the Just-In-Sequence (JIS) supply for the production in Harsewinkel at the Greven-Reckenfeld branch since mid-2010. Its value added services include in addition to engine cleaning also the fitting of filters and oil change, thereby readying the engines for use in production. “We are very pleased that we were able to convince CLAAS from the start of the quality of our service. This honour underlines the partnership-based relationship which is marked by trust and dependability as well as our high competency within industrial logistics”, said Heinz Fiege, owner and chairman of the board of Fiege, who jointly with Andreas Altrogge, branch manager at the Fiege Reckenfeld branch, as well as Günter Westrup, Regional Director Fiege Westphalia, accepted the award at the CLAAS Technopark. The co-operation exemplifies the successful integration of logistics all the way to the production flows of industrial companies.



Günter Westrup, Regional Director Fiege Westphalia, Andreas Altrogge, branch manager Fiege Greven, Heinz Fiege, co-owner of the Fiege Group, Dietmar Düsing, Supply Chain Management CLAAS Selbstfahrende Erntemaschinen GmbH, and Rüdiger Mohr, head of group purchasing at CLAAS Group (from left) during the nomination of Supplier of the Year.

## A lecture on financial communication

● The business management course of studies that focuses on forwarding, transport and logistics offered by Baden-Württemberg Lössach University celebrated its 30<sup>th</sup> anniversary with an official event. At the same time, the Lössach Logistics Forum enjoyed its 10<sup>th</sup> anniversary, this year held under the motto of “Financial Communication in Logistics”. A number of renowned lecturers were welcomed to this forum, including also Alfred Messink, CFO Fiege Group, and Dr. Holger Werthschulte, Fiege Director Finance. The lecturers made it clear, amongst others, that communication forms a key basis for the economic success of companies. Just as public relations are indispensable for the successful work of logistics service providers, a specific financial communication should be used as an important pillar of financial policies. In view of the much-feared increase in the price – if not scarcity – of financial resources as a result of Basel III, the professional communication with financial institutions is more important than ever.



Dr. Holger Werthschulte (l) and Alfred Messink gave a lecture to a group of business management students.



# Esprit and Fiege take into operation cutting-edge logistics center



Incoming goods

Esprit, a leading international fashion brand, and the Fiege Group took into operation the new, highly-automated Esprit Distribution Center Europe (DCE) located at the Mönchengladbach Regiopark in Germany, at the beginning of July. On around 76,000 square metres a warehouse with a total base area of 32,000 sqm was built.



Automatic recording of incoming goods



Repackaging into drop boxes





Storage at the automated box storage



Outbound movements leaving the automated box storage



Dispatch of products packed in drop boxes

The new distribution centre constitutes the future starting point for the pan-European B2B distribution to some 350 retail outlets run by Esprit, as well as to over 10,000 wholesale POS. On a total length of 23 kilometres the garments to be processed are partly automatically conveyed. An automated box storage with a capacity for 220,00 boxes ensures that stocks never run low. Every year, Fiege will handle up to 150 million items by Esprit in Mönchengladbach. The warehouse is managed with Fiege's own SAP-based warehouse management system.

Eric Berben, Head of Global Supply Chain/Logistics at Esprit, said: "The

### Highly-automated process flows

new DCE allows us to advance what in the past were mainly manual processes into highly-automated process flows.

This means we will not only increase our efficiency but will be able to adapt even more effectively to the requirements of our customers." With the introduction of a reusable eco-crate, the so-called Retail Box, used to supply Esprit's own stores, the Mönchengladbach facility will furthermore be able to increase the eco-rating of its process flows. The boxes have already been tested at the DCE and combine economic aspects with ecological benefits since, in addition to saving costs with regard to procurement and disposal, the Retail Box preserves tremendous amounts of re-



sources during its five- to eight-year life cycle, since in future large quantities of cardboard boxes can be eliminated.

“With the DCE Esprit and Fiege are further consolidating their successful, over 12-year old partnership. The jointly developed logistics centre boasts a particularly high degree of automation, to ensure an even more efficient organisation of logistics. The efficiency thus achieved not only sets standards for the fashion industry but for the entire logistics segment. Specifics such as the Retail Box further emphasise the commitment of both partners towards resource-preserving logistics”, explains Jens Fiege, member of the board of the Fiege Group.

Fiege was in charge of building the logistics centre jointly with the logistics real estate specialist from Fiege Engineering, as general contractor. Esprit footed all investments for the technical equipment. The real property is owned by Union Investment, an investment company with whom Esprit has signed long-term leases for the property. The location at Regiopark also provides for the opportunity to expand the new distribution centre at short notice.

Within the framework of the new distribution centre taking up operations, a large share of current operations for Esprit at the Fiege Mega Center Ibbenbüren will relocate to Mönchengladbach during a long-term migration process. The schedule for the migration, a project of Esprit and Fiege scheduled to be completed in 2013, is currently very much on time. After relocating to Mönchengladbach the Distribution Center Europe will provide up to 600 jobs. ●



Natrix sorter for sorting orders



Secondary sorting



Packaging ready for dispatch

# A hub that is a key factor in the Chinese market

“The inauguration of a new center in Shanghai is a material milestone for our Group, and naturally also for Fiege in China”, said Hannes Streeck, CEO Fiege Far East, in his welcome address during the opening ceremony of the modern complex of buildings in Shanghai on June 6, 2012.



During the opening ceremony hosts as well as guests took in the functionalities of the new complex of buildings.

**T**he brand-new consolidation warehouse is in full operation for two European fashion retailers. Located at the Lingang bonded zone, just between Pudong International Airport and Yangshan port, the world's largest container hub, this facility is an international multi-modal power hub. Since time matters in the fashion industry, this strategic location is a key success factor for the fast processing of garments from production to the final point of sales. Furthermore, the new warehouse represents the 10<sup>th</sup> location of the Fiege Group in Greater China and with 20,000 square metres in warehouse space, it still boasts

growth potential for additional customers.

## Lingang offers a perfect reach

On this remarkable occasion, Mr. Heinz Fiege, co-owner of the Fiege Group, convinced himself of the development of the Chinese logistics market as well as the many investment opportunities in Far East. “The rapid growth of the Chinese logistics market is impressive. With the opening of an additional facility we validate this development and further strengthen our profile in

China”, explained Heinz Fiege. “Our customers may choose today in Lingang between weekly ship departures or even air cargo transports, to accelerate the transportation of their cargo.” There are not many locations world-wide that offer such a perfect reach as Shanghai-Lingang can, so Heinz Fiege. “And then there are also the roughly 50 million consumers in and around Shanghai as well as thousands of suppliers to the fashion industry right next door!”

The government representative Mrs. Tan greeted Fiege during the opening ceremony as an innovative supply chain solution provider in Lingang





## Fiege in the Far East

In the Far East the Fiege Group has some 10 locations in the key economic areas of Beijing, Wuxi, Shanghai, Ningbo, Xiamen, Shenzhen, Hong Kong and Taipei. Fiege offers classic sea and air freight forwarding as well as integrated supply chain solutions including vendor management, production supply and aftermarket logistics.



Directly at Yangshan port is where Lingang, an international multi-modal hub, is located.

and underlined the ambitious targets of Shanghai municipality to attract further investors to the well-connected bonded-zone.

### Efficiency with a capital E

Here some convincing reasons for the fashion industry to award Fiege their supply chain management at Lingang:

- Vendor Management: Fiege's web-based vendor management solutions create efficiency in order management. Up to now, over 60 garment producers based in the

Greater Shanghai area are connected with and have been trained to operate this system. This solution enables Fiege customers to place and track their orders, manage change requests and track the finished garments from production to arrival on the retail shelf.

- Consolidation: The Fiege control tower assures on-time pickups at production, customs clearance and consolidation of garments and accessories at the Fiege warehouse. Smaller orders are bundled in order to take advantage of lower FCL rates. Additionally, quality inspections, picking and packing

or finishing services are rendered at Lingang.

- Global reach: "From Shanghai-Lingang, the world is just a stone's throw away", says Hannes Streeck: Via Pudong International airport and the world's largest container port in Yangshan, every continent is within direct reach. Furthermore, Shanghai-Lingang is a central gateway into China and its fast growing retail environment. "In brief: Fiege's fashion customers may concentrate on collection design, sourcing and sales channel management, whilst the rest is organised by the German pioneer of contract logistics."





Some 45 temperature-controlled vehicles are available for the healthcare distribution network.

# Logistics that can save lives

The healthcare industry is one of the world's largest and fastest growing industries, contributing significantly to any country's economic welfare. Consequently, it has become an important growth market for logistics companies.

**H**owever, the requirements imposed on the distribution and storage of medical products are high and are becoming stricter. Consequently, the pressure on medical logistics increases, making the process more and more complex. FIEGE Benelux anticipated this development at an early stage and on the one hand invested in the training and further education of its employees as well as into the further expansion of its healthcare network.

Healthcare is a broad concept that everybody approaches in a different

way. Yet almost everyone will immediately associate the term healthcare with the healing and/or caring for sick people. Such care is usually extended at a hospital, a nursing home or even a pharmacy around the corner. All these organisations continuously work at improving people's quality of life. And just as the organisations which actively support healthcare services are expanding, so the offer provided by FIEGE in this field has equally grown, now ranging from the transport and storage of medical equipment to the complete outsourcing of a hospital's logistical requirements.

Within the past years, much has changed in the medical world as well as in the lives of people. An ever-ageing population and the growing middle class throughout the world have led to an increase in the demand for care services – a trend which most likely will continue to grow in the years to come. Partly due to the decrease of available funds, many institutions are checking the costs of their logistics processes. On the other hand, stricter regulations apply to medical products and their storage as well as transport. This creates tension between the quality and cost of logistics.

## Delivery right to the refrigerator

For over 15 years, FIEGE Benelux and its FIEGE Healthcare Distribution Network, founded in the Netherlands in 1995 already for the purpose of transporting radioactive materials for nuclear medicine, have been offering a solution for this. The network boasts around 45 temperature-controlled vehicles which are fully equipped for the distribution of various medical products ranging from diagnostics to medical equipment and medicines to surgery instrument sets. Most of these materials are delivered to hospitals, nursing homes and medical wholesalers, but for some clients FIEGE even delivers right to the refrigerator at the patient's home. The Pharmaceuticals Code sets very strict requirements about the handling of medical products during production, storage at the supplier or at the logistics service provider as well

as during transport and storage at the end user. All these requirements are included in the GMP (Good Manufacturing Processes) for the production and storage of medical products and in the GDP (Good Distribution Practices) for the distribution of these products. To meet these demands, FIEGE has invested substantially into training all employees working actively in the healthcare sector so that Fiege can ensure the best possible quality of service.

## Temperature-controlled during the entire supply chain

The distribution of medical products is distinguished between chilled products transported at a temperature between 2 to 8 degrees and regular products which are transported at a temperature between 15 to 25 degrees. For the chilled products,

GDP require that a cold chain must be closed and monitored at all times, which must be guaranteed from the moment of production until consumption of the product by the patient or an institute. To meet this GDP requirement, Fiege started years ago already with the further development of its quality system. For example, it installed a temperature-controlled transshipment zone where products are sorted, where the average temperature ranges between 2 to 8 degrees Celsius. This zone, just like the individual vehicles, is equipped with several temperature sensors which continually record the temperature. Temperatures are always visible on a monitor which is checked by staff at the dispatch section. The recorded data are also stored for five years so that Fiege, during this time period, can at all times check if a specific product was delivered on a specific day under correct temperature conditions. >



Fiege Benelux has invested substantially into the training of its employees servicing the healthcare segment.



## Distribution of radioactive materials

Similarly strict requirements apply for radioactive medical products. Nuclear medicine uses radioactive materials to detect tumours and other diseases. This radioactive material is generated only at a few places in the Netherlands and must be transported to the patient as quickly as possible since its quality deteriorates within a few days only. Even though it can save lives, this material – due to its radioactive properties – is classified as a hazardous substance (ADR class 7). This means that Fiege employees

must undergo special training to be authorised to transport this material and must always carry a dosimeter with them which monitors the amount of radioactivity that a driver is exposed to per year. Moreover, the vehicles are equipped with a special lead shot lining to limit the radiation that reaches the driver to a minimum.

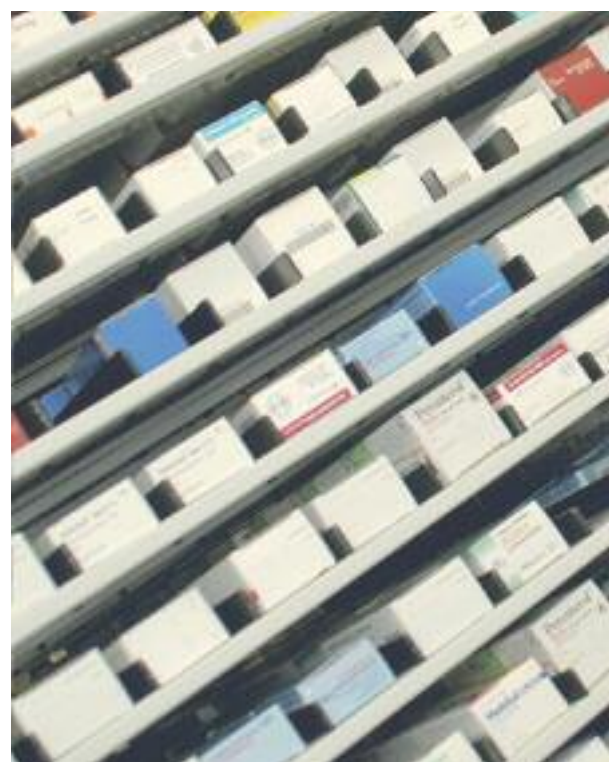
In addition to these regular refrigerated and hazardous goods transports, Fiege's distribution network offers a dedicated solution for certain hospitals. An example of this is the transport of special nutrients which require constant refrigeration to the patient's home. This type of service

tends to be made available to chronically ill people in the terminal stage of life. Fiege delivers the products to the patients' refrigerator and upon request even checks whether the refrigerator is still functioning properly.

## A shift in the care segment

Future expectations are that this particular area of transport will see even stricter requirements – especially with regard to recording the temperature. In addition, volumes will grow substantially for the years to come. Add to this a shift in the care segment as people are increasingly referring to in-home care services, and patients will only go to hospitals for short treatment periods and prefer home-care services as soon as their health permits them to refer to these.

To keep the cost of healthcare services at an affordable level even for future generations, all these changes

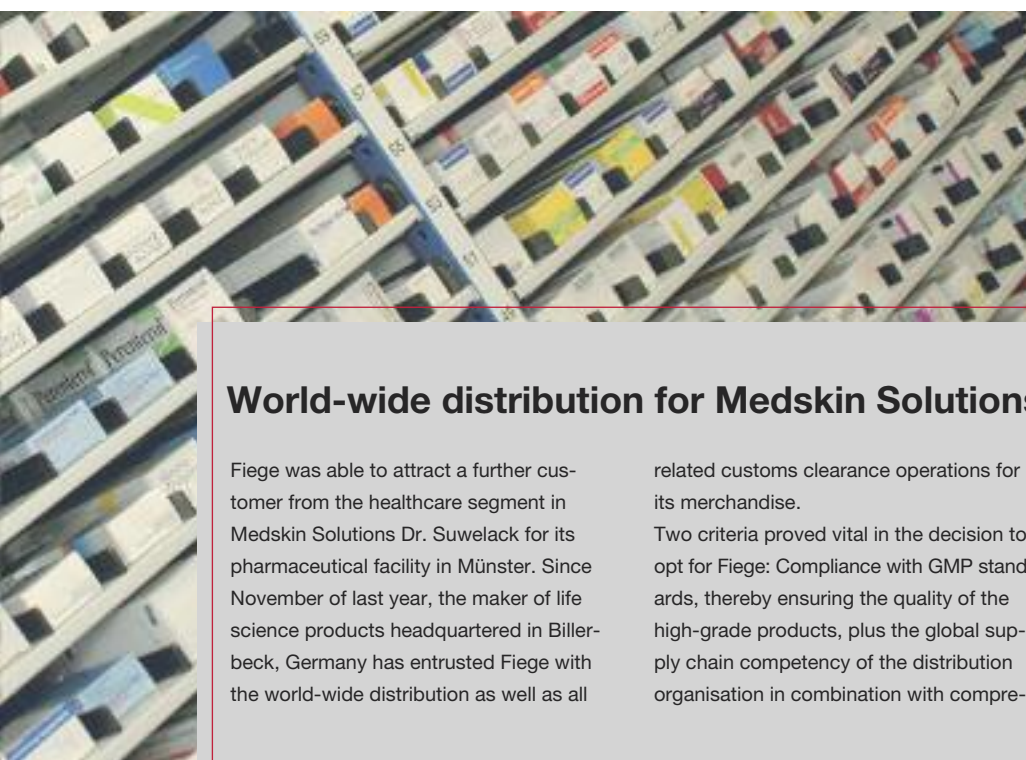


The distribution of medical products is subject to extremely strict handling conditions.





At times Fiege even supplies the medical products directly to the wards.



must be supported by efficient supply chain solutions which ensure the highest possible quality while simultaneously guaranteeing competitive prices. Fiege recognises these trends and already offers to its customers highly efficient solutions now. ●

## World-wide distribution for Medskin Solutions Dr. Suwelack

Fiege was able to attract a further customer from the healthcare segment in Medskin Solutions Dr. Suwelack for its pharmaceutical facility in Münster. Since November of last year, the maker of life science products headquartered in Billerbeck, Germany has entrusted Fiege with the world-wide distribution as well as all

related customs clearance operations for its merchandise.

Two criteria proved vital in the decision to opt for Fiege: Compliance with GMP standards, thereby ensuring the quality of the high-grade products, plus the global supply chain competency of the distribution organisation in combination with compre-

hensive knowledge in the field of global customs clearance. The requirements proved a perfect match for the Fiege facility in Münster. The entire warehouse is air-conditioned and the available cold houses support storage at temperatures ranging between 2° to 8°C. The entire facility is also operated under GMP standards.

# A highly demanding product spectrum

From a logistical perspective, Fiege recently assumed a highly demanding task in Switzerland: Since July 1, the Switzerland-based subsidiary Fiege Logistik (Switzerland) AG handles the warehouse and transport logistics for Depot CH AG at its multi-user centre in Oftrigen.

**D**epot CH AG was founded as the subsidiary company of Migros on July 1, 2012. During the implementation phase, the project was supported by Gries Deco Company GmbH, headquartered in Niedernberg, Germany. The two “Depot” and “Ipuro” brands distribute home accessories

and room fragrances. The product spectrum covers everything from very small items such as key rings and greeting cards, to books and decorative articles, to furniture such as tables and wardrobes. The logistical task was thus highly demanding on the know-how of the resident employees.

“In line with our company’s restructuring we, Gries Deco Company (GDC) or Depot CH AG, were looking for a strong and flexible logistics partner. We found this partner in Fiege. The co-operation was intense during the concept and start-up phase and was much to our benefit. Thanks to this thorough and intensive preparation we were jointly able to secure a successful go-live. We are now looking forward to a further good and agreeable co-operation between Fiege and Depot CH AG”, says Marco Berninger, project manager logistics, Gries Deco Company.

And Brigitte Schönhoff, Head of Logistics of Fiege Logistik (Switzerland) AG also emphasised: “Both sides kept their promises and thus created the basis for a good start of this co-operation. The clear process orientation, the purposeful working methods and the excellent co-ordination during the implementation secured a successful operational start.”

The range of services of Fiege Logistik includes incoming goods inspection of containerised and truck merchandise, comprehensive quality checks at incoming goods, order picking and compiling the items as such that the products can go directly on display at the branches on the display tables or shelf spaces. Value added services that are performed include price labelling. Fiege assumes with its own fleet also the transport of the merchandise and guarantees a 24-h delivery throughout the whole of Switzerland. ●



## Facts and figures of Gries Deco Company

Gries Deco Company GmbH:  
headquartered in Niedernberg, Germany  
Employees: around 5700  
Company formed on July 1, 2012  
(Depot CH AG)  
Subsidiary of Migros,  
24 branches in Switzerland

heterogeneous product spectrum: key rings, greeting cards, candles, decorative articles, kitchen accessories, bathroom accessories and furniture, all-year round items as well as highly seasonal business, strong brands like “Depot” and “Ipuro”.



## VIP transport services for SR Technics

One of the most interesting growth industries of the Fiege Group, industrial logistics, has been growing in Switzerland: Fiege Logistik (Switzerland) AG, a wholly-owned subsidiary of the Fiege Group, signed an agreement with its aviation customer SR Technics for the exclusive handling of all inbound and outbound transports for its new VIP completion centre.

Fiege Logistik (Switzerland) AG can show for many years of experience within air cargo operations.

**S**R Technics, headquartered at Zurich airport in Switzerland, is one of the globally leading, independent providers of technical services for the civil aviation industry. The group offers comprehensive solutions for airlines for the technical support of aircraft fleets, aircraft components and jet engines. In 2011 ST Technics opened a VIP Completion Center in Zurich which designs and produces innovative and customised aircraft interiors exclusively for VIP customers.

In the immediate vicinity to SR Technics, at Zurich airport's cargo centre in Kloten, is where Fiege has been handling all inbound and outbound transports inclusive of order manage-

ment for the VIP business of SR Technics since July 2011. This assignment calls for maximum quality, dependability and flexibility of forwarding services. With supply chain know-how, customer-oriented services and many years of experience in the aviation business, Fiege Logistik (Switzerland) AG had the optimal solution for SR Technics.

The services range from complete transport management to all modes of transport inclusive of customs clearance services, to a demanding "work stoppage service" for the express transport of aircraft components to avoid work stoppages on the aircraft. The multitude of operations are co-ordinated via a central and integrated order management system.

This allows Fiege Logistik (Switzerland) AG to perform efficient and individually co-ordinated supply chain solutions, also by avoiding work stoppages during the project phases on behalf of SR Technics with the help of an optimised cost-benefit ratio.

With SR Technics the Fiege Group in Switzerland also managed to consistently expand its aviation segment. "For our customers, it is our know-how and reliability that count, as they cannot afford to stand still", explains Thomas Knopf, CEO Switzerland + Far East. "We are looking forward to a trustworthy co-operation in what is an important and exciting supply chain segment for Fiege."







## A very special kind of transport

The careful scheduling of resources paired with co-ordinating customer needs equals the art of “clock-work” freight forwarding as recently demonstrated by Fiege Logistik (Switzerland) AG for a major contract.

**T**he task was to ship a 196 metric-ton transformer from an ABB plant located to the southwest of Oslo, to the

Port of Jebel Ali Freezone in the United Arab Emirates (UAE).

“The easiest thing would have been to load the transformer onto a special

The transformer that was transported from Norway to the United Arab Emirates weighed 196 tons.

trailer and ship the consignment to Oslo or the nearest seaport by road,” said Thierry Traechsel, head of the sea cargo division of Fiege Logistik. “However, the location of the plant which was built on a small tributary of the Oslo fjord posed a severe challenge in the shape of a low bridge with weight-restricted access. The only way to move the transformer was by water.”

As a result, the company had to rent a floating crane to lift the transformer onto a small coastal vessel destined for Hamburg. Meanwhile, Fiege had to think quickly and plan with care. The challenge was to comply with two target deadlines, picking up the transformer at the ABB plant on time, and delivering it on-site to the customer no later than six weeks after. In order to overcome further logistical constraints while meeting the terms of delivery agreed upon, the transformer had to be stored on a pontoon in Hamburg for two weeks. Following this “forced” break, the transformer was finally lifted onto a multi-purpose Rickmers vessel, which had been chartered for this occasion. To protect the transformer during the long sea voyage it was stored under deck.

The unit arrived punctually at the customer’s premises following a door-to-door transit time of exactly 40 days. The whole project including customs formalities was handled by the Fiege Project Team supervised by Oliver Hoz. ●



# Expansion of media logistics in Switzerland

The Fiege Group has now also expanded its media logistics to other European countries: Since July 2012, the media logistics for Tamedia at the Zurich facility is being handled by Fiege Logistik (Switzerland) AG.

**T**amedia is a Swiss media group headquartered in Zurich whose daily newspapers and weekly periodicals, magazines and online platforms as well as newspaper print shops are amongst Switzerland's leading media enterprises. Fiege has been providing customised supply chain services for numerous renowned publishing houses, including Frankfurter Allgemeine and Handelsblatt, partially for over ten years now.

"We were able to convince Tamedia through our long-standing and successful co-operation with our many publishers in Germany", explains Peter Scherbel, board member of the Fiege Group, "since Fiege Logistik Switzerland has this very knowledge and experience in media logistics. This proved in the end the obvious reason for the decision in favour of us as a partner."

Fiege Logistik Switzerland will update the Zurich media logistics with mod-

ern IT programmes and new process flows. Fiege is in charge of the operational responsibility for the entire supply chain network, especially for planning, order picking and transport. At the same time, Fiege will reorganise and optimise the existing supply chain structures.

All 14 employees handling the Zurich publisher's logistics will be taken over by Fiege Logistik Switzerland. The central planning of logistics as well as data management of all of Tamedia's magazine titles will be controlled from Bern in the future. ●





### Fiege wins over another fashion client

By assuming supply chain services for MORE&MORE, Fiege was able to acquire yet another client in the very same month that it opened the warehouse at its fashion facility in Münster. After moving MORE&MORE from Munich to Münster Fiege will handle all finished products of the Starnberg-based fashion label in the future. At the new fashion site some 1.5 million items, of which 350,000 are hanging garments, of MORE&MORE will be taken over, stored, picked and packed as well as sent to national as well as international stores of MORE&MORE, partner stores, shop-in-shop systems as well as retail space partners.

**S**ince April 2012 Fiege has been leasing in total three warehouses offering 16,500 m<sup>2</sup> of storage space based on the grounds of Primera's head office and in future will be operating them as an independent facility. For the women's outerwear brands apriori, Cavita and Laurèl – all owned by Primera – Fiege is in charge of incoming goods, order picking and the

## New facility for fashion logistics

Following the assumption of a comprehensive range of supply chain activities for the fashion maker Primera situated in Münster/Germany and running the entire logistical facility, Fiege is further expanding its position within the realm of fashion logistics.

dispatch for the national as well as international distribution of flat textile goods and hanging garments, the entire handling of raw materials such as outer fabrics and notions (zippers, buttons) as well as returns processing at the Münster-based location. In addition to these core supply chain operations Fiege also assumes numerous value added services for Primera. Some two million garments leave the warehouse every year. By consolidating Primera's logistical activities the distances and duration of supply chain processes have already been reduced. "Consolidation and the optimisation of additional logistical process

flows enable us to integrate other customers from the fashion industry into this location in the future and to generate synergies for all parties involved", explains Günter Westrup, Fiege Regional Director Westphalia. The textile industry forms one of the eight core industries for which Fiege engineered high-performance contract logistics concepts. At 13 Fiege-owned fashion locations across the whole of Europe Fiege handles the logistical operations for over 250 million garments per annum for renowned customers of these industries as a leading contract logistics provider to the fashion & textile sector. ●





# Students call at Fiege facility in Worms

● For several years now Fiege has been co-operating with WHU Worms, the Otto Beisheim School of Management. Jointly with its international MBA students from foreign partnering universities, Prof. Dr. Martin Fassnacht also called at the large logistics centre of the Fiege Group in Worms this year. A comprehensive presentation followed by a tour of the two VDC and IDC facilities was to give students insight into the world of logistics. The fully-electronic high-bay store was time and again considered extremely exciting during the tour of the warehouse.

## Imprint

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For the students, the tour of the logistics facilities was highly interesting and exciting.

NEWS

## Business e-commerce solution for tyres

● With the help of Fiege's e-commerce specialists, Toyo Tire Europe GmbH will in future be distributing tyres for its business clientele also via an Internet-based B2B platform. The recent roll-out in Great Britain has made the multilingual e-commerce industry solution for Toyo Tire business partners now also available in Germany, Italy, the Benelux countries and Great Britain. With this step both companies extend their co-operation as committed partners to include e-commerce services, in addition to logistics. "Taking over e-commerce activities highlights Fiege's competency for the entire value chain within online trading, a segment which we have been gradually building up since 2006. Fiege has evolved from a fulfilment service provider to a genuine full service e-commerce service provider", explains Felix Fiege, member of the board of the Fiege Group.



# 2012 – The year before the next recession or before markets calm down?

What else this year is expected to bring and which specific challenges contract logistics providers will have to overcome

**BY** Prof. Dr. Christian Kille

**I**n times of uncertainty the call for forecasts tends to become much more pronounced. Corporate managers and business unit developers are looking for crash barriers that guide them and allow them to substantiate their decisions. For the field of logistics, so far the only outlooks available applied to the trend in transport volumes, issued by the Federal Ministry of Transport, Building and Housing. These are the forecasts that the many decisions with regard to expansions, additions or enlargements are based on – at least from deducting what the effects on the actual business could look like. This gap is

now being closed with the “Challenges 2012” study, which recently was published by the Deutscher Verkehrs-Verlag. It not only provides forecasts for the logistics market for

## Forecasts for the logistics market

2012 by Euro volume, but differentiates also by a total 13 submarkets. So as not to obtain a semblance of spurious accuracy, scenarios are worked with that include a best and a worst case, and which offer detailed analy-

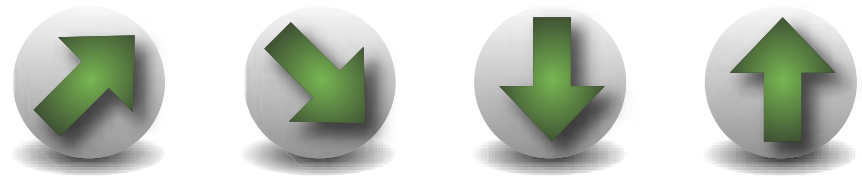
ses about the general conditions under which they apply.

This seems important since the environment in which logistics move is marked by very different influences whose strength change so that it is not surprising if up to now a forecast in this form has never been made. A total of ten forces are tugging at logistics (see table on p. 23).

The current debates about the dynamics of the global economy and globalisation, following its high over the past years, indicate that these two are slowly on the decline. The mechanisms that have been developed as a result of the events of the past years,

are introduced and established. Also, the professionalization of logistics rather indicates a decline in intensity since logistics has already experienced substantial progress. Of equal importance is the government involvement which will always keep the market moving and make it hold its breath. And even the concentration on core competencies, including the debates about outsourcing, remain. The demographic change is a growing trend that will be included in the formulation of the supply change markets. While it will reach its zenith in ten or twenty years only, the culmination of the effect from the climate change and sustainable management drivers is imminent. Over the next years already, the pressure on companies to change things will be so severe that it will have evolved into a "hygiene factor" within a few years only.

Currently the risks within the supply chain are still dominant. These, how-



ever, will decrease shortly unless new risks arise before counter strategies have been implemented. A highly positive effect for logistics providers will be brought about with the orientation towards services which many industry and trade companies will be dedicating themselves to in future. As a result of the professionalization of their services and an increase of their performance efficiency, logistics

providers are offering their services as a competent partner. Paired with the claimed, and increasingly reduced response time which will grip many new industries, the potential for logistics providers in Germany will rise – in spite of the many challenges from the above forces. And how will these forces impact the logistics market? In 2011 prospects were constantly clearly within the positive range. In total, according to the latest projections, a market growth of 6% crystallised. Statistical "certainty" will be available as of autumn of this year.

For 2012 the outlook is not quite so rosy. The forecast as of 03/2012 indicates a lane which extends to a maxi-

## Dark clouds on the horizon of the global economy

mum +3%. This would correspond to a market value of Euro 230 billion. However, dark clouds emerged and are still emerging on the horizon of the global economy. Although Europe and its debt crisis, which in the meantime has not only gripped Greece but Spain too, as well as USA which still has not fully recuperated, remain the current main areas of crisis. But even China no longer holds that safe a position as is generally thought. The economic growth is >

	Intensity
Dynamics of economy and driving force of globalisation	
Demographic change and diversification of society	
Climate change and related demands on supply chain processing	
State impact as guiding correctional measure and growing say of population	
New risk from division of labour, optimisation of stock, growth of conurbation areas and connectedness	
Professionalization of logistics and related growth of responsibilities	
Concentration on core competencies not only for services but also resources.	
New service-mindedness with focus on benefit of products.	
New technologies – the up and down of logistics and its companies.	
The accelerating clock and its challenge when it comes to forecasting demands.	

Source: Kille/Schwemmer 2012



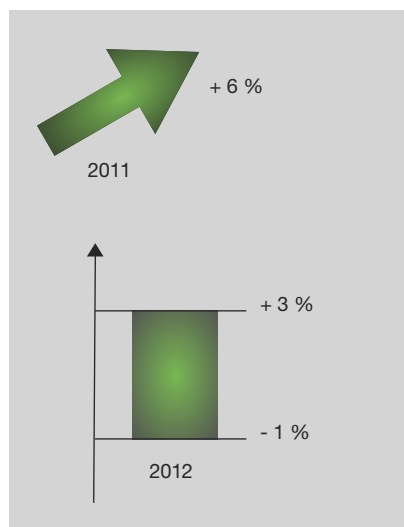


Illustration: Forecast complete market for 2011 and 2012 (source: Kille/Schwemmer 2012)

still borne by the threshold countries. If China should weaken, there may be even greater distortions. At the current moment in time, however, this should not be decisive for the current year anymore.

For Fiege, two of the 13 submarkets form the focus of interest of contract logistics for consumer goods as well as industrial services. Both logistical segments experienced a different development in the past.

Characteristic of the submarket for contract logistics for consumer goods is its resistance to business developments. Especially high peaks (during a boom) remain the exception. At least this is what has been determined since 2006, since the "German

angst" which gripped the German population until before that deadline even for minor uncertainties, barely makes an appearance today. Even in 2008, when there were signs of an economic crisis, as well as in 2009, when the financial crisis had reached its high point, consumer spending remained remarkably stable.

However, the German population simply cannot consume anymore. More food and drink, more cosmetics and cleaning agents, more books and other media can hardly be sold in a developed country such as Germany. And even with regard to consumer goods, things do not appear to be much different: 95% of households have a television; 98% a refrigerator; and almost 80% a PC. So where does this growth actually stem from? For

## Value added services outside of logistics

the logistics provider surely from value added services which prior to this were not necessarily assigned to the logistics industry. But also from confidence in the economy and thus in the future: replacement buys are made at an earlier stage or whenever. But even the cost of supply chain services (mainly fuel and wages), thus the expenses for consumer goods contract

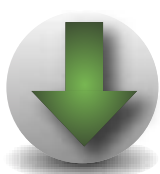
logistics, are on the rise. The most interesting aspect results from the changes in consumerism respect. different demands. Although it is not possible to consume more food, the demand for convenience food is rising. This includes less and less tinned ravioli and soup in a sachet, but more elaborately prepared, freshly-made or deep-frozen ready-to-eat meals. Logistics for these products are more complex. This is a less obvious driver for growth in the logistics market that targets products of everyday use.

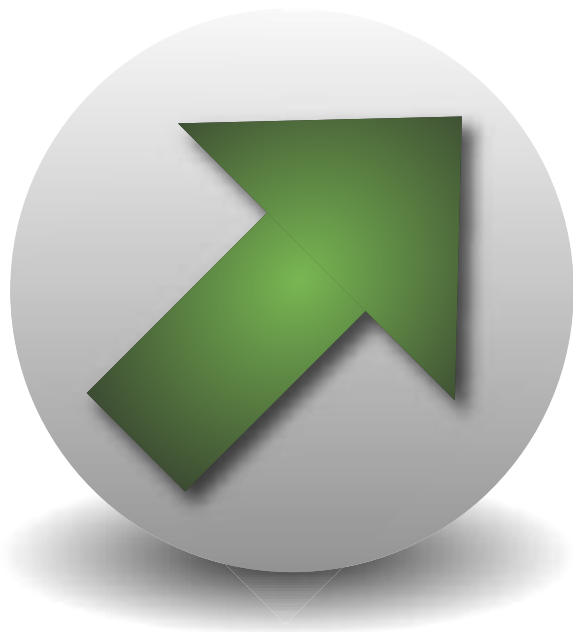
The first projection foresees a 4% growth for 2011. Subjectively, from the viewpoint of the logistics provider, growth in this submarket reached almost even 10%. But still, a large share of the services remains in the hands of the industry and the retail trade. This is the potential which moves the growth prospects of logistics providers upwards. Moreover, they have the opportunity within the framework of contract logistics projects to obtain services from outside of logistics respect. adjacent to logistics which tend to bear greater margins than classic TTS logistics.

The development in 2012 will presumably grow slightly at +2% – provided that the almost conjured-up crisis does not reach Germany and if so, fails to influence what so far seems to be an indestructible confidence on behalf of consumers.

This volatility impacts in particular industrial contract logistics – in addition to other logistical segments that depend on exports. One year after the other, the export industry has been boasting record growth – especially for machinery and plants, as well as the automotive industry. The current projections for the year 2011 foresee yet again substantial growth of eight per cent.

The reasons for this are obvious: the German exporting industry, including automotive, machine construction, chemical and electronics, is strongly represented here with around 2/3 of the whole demand. Accordingly, the





That should increase the trust in the services of supply chain companies and spur the demand for contract logistics solutions in the industrial sector.

What are further supporting factors for 2012? One fact is that the demand for German products in threshold countries and the new economic powers, especially the BRIC countries, is on the rise. This demand can easily continue for a few more years. Overall, however, there are dark clouds emerging that need not necessarily indicate a thunderstorm. The advantage compared to 2008/2009 is that economic policy-makers, financial bosses and politicians are better prepared. ●

record growth rates and sales corrections upward had a particularly impressive impact on the submarket. For this reason this submarket is highly interesting. Add to this the fact that the level of outsourcing is still a relatively low. New business is therefore not only generated through additional volumes, but also through new projects awarded to logistics providers.

## New business is generated through new projects

This general trend, which has been taking place for over ten years and for this reason should rather be termed a standard, is becoming more important in an ever more volatile global economy. Those German businesses that already invested substantially in order to respond more flexibly to fluctuations in demand, will continue to work on this success factor. Industrial and retail companies will dedicate more and more of their resources

to obtain a flexibility of process flows outside of production so that they may respond even better to short-term and mid-term fluctuations of demand. Since most transport services are already awarded externally, as the outsourcing levels of the individual submarkets suggest, industrial contract logistics benefits in this case to a particular degree from resident warehousing, management and value added services. Although such tools as work accounts, short time and temporary employment have given forwarding companies major flexibility with their own resources, external services providers, however, are even more flexible as they are mainly paid only for services that are de facto rendered. But even the trust of the forwarding sectors will have to be gained. The catastrophic year of 2011 showed that logistics companies should be prepared when malfunctions occur in the sensitive supply chains of their clients, so that cost-intensive production stoppages due to a collapse of the procurement side arise as rarely as possible. At least some of the supply chains were more robust than anticipated by many experts.

## Particulars

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# Logistics for the little black candy cat

For 20 years Fiege has been co-operating with the renowned confectionery maker, Katjes Fassin GmbH & Co. KG from Emmerich am Rhein. The scope of the existing logistics agreement has now been widened and prolonged.



**T**he most well-known candy product from the house of Katjes has been around since 1950. A classic by now, the little black liquorice cat has maintained its immense popularity to-date, so much so that the production sites of Katjes Fassin in Emmerich still produce the black “Katjes” – which is Dutch for “little cat” – based on the old recipe imported from Sicily.

Over 50 different Katjes products fill the racks in shops nowadays. In Bocholt, Fiege consolidates the supply chain services, starting at the production lines in Emmerich, Remshalden, Potsdam and Belgium, in addition to managing the logistics at the central warehouse for the confectionery manufacturer. The Fiege

Group equally handles the entire transport logistics for Germany and Austria.

“The high quality of services rendered by Fiege convinced us throughout all of these years and gave us the confidence to commit to a further long-term, beneficial collaboration”, emphasises Bastian Fassin, managing director Katjes International. Various comprehensive value added services – such as packing and the building of displays for the retail trade or discount store clients – complement the services portfolio. “At the Emmerich parent plant we also operate an export warehouse, to account for the international growth of our customer”, explains Markus Pohle, branch manager at the Fiege Bocholt facility. ●

Katjes products are stored as well as picked & packed at the Bocholt logistics centre.



# Fiege Ukraine co-operates with Husqvarna

Spring saw the Fiege Group sign a logistics agreement with the Husqvarna Group, Ukraine. The Husqvarna Group is the global leader for outdoor power products used for tending forests, gardens and parks.



The Fiege Group has been in the Ukrainian market since 2006.

## The Husqvarna Group

The Husqvarna Group is the world's largest manufacturer of outdoor power products that include chainsaws, power cutters, lawn mowers and garden tractors. The Group is also a leader in Europe for irrigation products and one of the global leaders for power cutters and diamond equipment used in construction as well as for masonry. The products are sold through authorised dealers in over 100 countries. Sales in 2011 totalled SEK 30 billion and the average workforce totals around 15,700 people.

## Fiege Ukraine

The Fiege Group has been represented in the Ukrainian market since 2006 and employs around 200 people. The company handles over 40,000 square metres of warehouse space. Fiege Ukraine offers services for a variety of sectors, such as FMCG, retail trade, durables, automotive, cleaning agents for the house and more. The goal is to serve customers with integrated innovative supply chain solutions and low-cost, optimal supply chain management on the basis of modern information systems.

**T**he recently signed agreement names Fiege as the exclusive service provider for finished products, accessories and spare parts of Husqvarna in the Ukraine and includes all warehousing activities including incoming goods, packaging, dispatch and warehouse management. For both parties, the flexibility of the service, inclusive of quality maintenance services during the main selling season, present a very special challenge.

"We entrusted Fiege with these services due to its experience within our industry. We are particularly impressed by its flexibility and the application of the latest technologies within a specific services offering", explains Vladlen Popolitov, General Manager of Husqvarna (Ukraine) about the decision made by Husqvarna in favour of the Fiege Group. "As a strategic partner Fiege is able to guarantee greater efficiency of the supply chains and offer value added services which allow for total transparency and control of the orders using information systems that support the process planning and monitoring", emphasises Jens Fiege, executive board member of the Fiege Group. ●

# Beyond efficiency – the challenges that tomorrow's logistics faces

The term “sustainability” is booming within the fields of science and practice. As is the case for many trends, prophecies of doom are already being uttered. Here they refer to the question as to whether this trend is the right answer to the issues of our time.

**BY** Nora Meyer and Dr. Johannes Reide



**T**he “CSR Management in Supply Chain Networks” (CSR Management in Logistiknetzwerken, CoReLo) research project conducted by the Kulturwissenschaftliches Institut (KWI) in Essen in co-operation with further scientific partners and practitioners deals with these very questions, especially for logistics. CoReLo is a co-operative project within the scope of the Efficiency Cluster Logistik Ruhr and will be funded for a period of three years, from 2010 until 2013, by the Federal Ministry of Education and Research. Logistics companies, due to their integration into the global value chain, are confronted with the term sustainability, in a very special manner i.e. the challenges of economic, social and ecological responsibility as is currently also debated under the term “Corporate Social Responsibility” (CSR). The growing public awareness for social and environmental standards, the emergent relevance of ethical and eco audits and the necessary preservation of resources and energy efficiency caused by the climate change make CSR concepts which are geared specifically to the needs of smaller and medium-sized logistics

company and supply chain networks a necessity.

Against this background the co-operative CoReLo project designed innovative strategies for corporate social responsibility that go beyond the familiar approaches of sustainable supply chain management. The new thing about the approach pursued is the connection between ethical and sustainability analyses subject to acquiring stakeholder information and the development of in-house responsibility management systems.

The goal of this project is to prove that value-based socio-ecologically responsible supply chain networks enjoy an innovative corporate culture and are marked by lower susceptibility to interference and boast an improved co-ordination potential, higher employee motivation and social reputation. In general this could lead to competitive advantages and new market opportunities on the basis of sustainable management.

The knowledge gained from climate research on the basis of greenhouse gas emissions (GGE) demonstrates that it is especially the transport sector that suffers from a discrepancy between the actual and the necessary



Against the background of a growing lack of skilled workers, CSR strategies are becoming decision-making criteria in recruiting employees.

development: On the one hand the transport of goods and persons causes world-wide just over 13 per cent of GGE, in the EU-27 this percentage totals even 24 per cent. This fact is aggravated by the circumstance that, depending on the individual projection, an increase in the rate of freight transports within the EU by up to a further 80 per cent is expected by 2050.

This complicates the huge reduction of emissions suggested by the findings from the climate research. The European Commission therefore issued in a white book published last year the goal to reduce traffic-related carbon dioxide emissions by the year 2050 by 60 per cent, compared to 1990. This is clearly much less than the emission goal of 80 to 95 per cent set for the EU economy in general, but

## Significant efforts required

since freight transports are responsible for roughly 90 per cent of the overall greenhouse gas emissions of

the logistics sector, compliance with this goal requires a significant effort.

On the other hand, the debate about the social responsibility of companies is gaining momentum at European level. The EU stated in October of last year in its new EU strategy that CSR is "the responsibility of a company towards its impact on society". The EU thus shifts from its past voluntary assumption of CSR; with its new strategy, a mix of voluntary and mandatory tools is planned.

Starting from this pressure to act the CoReLo project initially focused on an analysis of the situation as-is of existing CSR activities (CSR understanding, structures, programmes) amongst the project partners, i.e. small and mid-sized logistics companies. Within the framework of two case studies, qualitative interviews were conducted and supplemented by quantitative questionnaires. In addition, interviews were held with experts and secondary analyses were conducted. The current findings indicate that in general, there is major interest in CSR topics: high priority is ascribed to many aspects connected to this, such as a company's reputation, recruiting and retaining employ-

ees, the health of employees as well as increasing resource efficiency.

CSR for reasons of reputation feeds on the knowledge that companies, for example have a sense of responsibility towards the region and the people living there, respectively for the growing demand for social responsibility on behalf of the company towards the public. Accordingly, companies greatly value an "authentic" appearance. It is not intended as just another marketing ploy; instead, CSR must concur with the company's traditions, its values and business fields. CSR is considered a strategic corporate goal. Especially against the background of the growing lack of skilled labour in logistics, CSR strategies, e.g. in HR, are considered decisive to recruit and retain new staff members.

The interviews also showed that the values and the integrity of corporate culture are of major importance for corporate management. This is a crucial aspect since the findings from the CoReLo project also indicated that the integration of sustainability topics into the organisation proves a major challenge for a company's structure. Those interviewed do not consider it to be sufficient that there is only one CSR officer. The risk seen in this is that such person may exhibit a "tunnel vision" that makes him less susceptible to the necessities and contradictions of day-to-day business operations. The topic should instead be borne as a topic that touches on every part of the entire organisation.

For the CoReLo project this results in CSR management being structurally embedded into the different junction points within the organisation on the one hand, and on the other also requires the respective value and a CSR-conscious culture to anchor entrepreneurial responsibility and integrate business processes. CSR-conscious in this case implies that corporate culture and CSR strate- >



gies concur, yet need to be differently designed or developed for every individual company.

The fact that strategic value management and an ethical company climate lead to a number of advantages was also suggested by other research findings compiled within the scope of the secondary analysis:

- Employees tend to be more willing to enter into informal and voluntary commitments.
- A deeper identification with the company (loyalty) and increased transparency (through communication) can be established.
- The susceptibility to error of operational process flows is reduced (resilience) and the temptation to engage in corruption decreases (trust).
- And finally – this is interesting in view of future process flows – greater co-operation generates an improved innovation ambiance.

The aspect of trust is particularly decisive in highly sensitive, flexible supply chains. This is where decisions have to be based on the specific knowledge of

many. Due to the dynamics of the markets, which logistics in particular has to know how to handle, the foresighted planning has made way for event-driven adjustments. This means that managers on site often have to do other things than what headquarters prescribe: mutual trust becomes more important.

Co-operation is equally a decisive keyword for greater sustainability. The retail trade is showing more interest in

## Aspect of trust is decisive

long-term co-operation and projection approaches. This development reveals options for supply chain management which also offer potential for greater sustainability. The willingness to co-operate enables the interconnectedness of autonomous companies that do not change their structures due to reasons based in competitive technicalities, but who are constantly willing to advance sustainability topics.

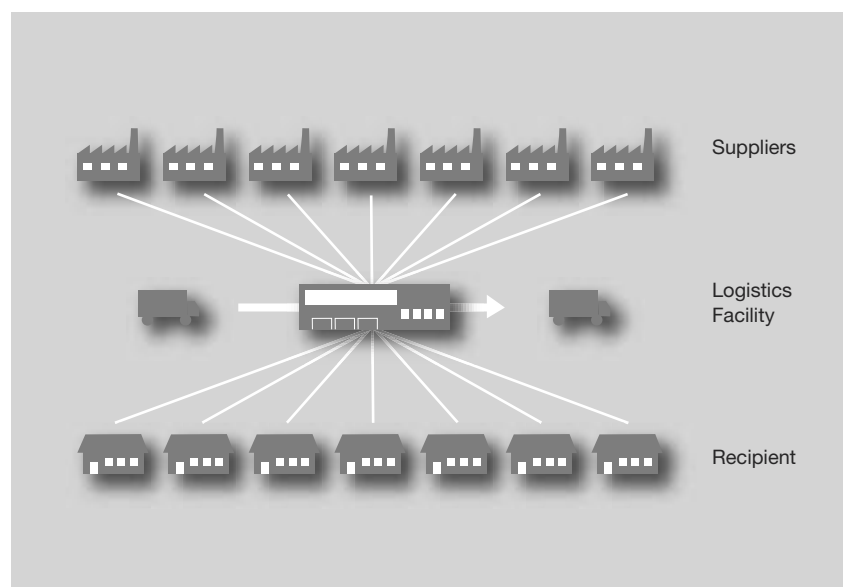
Think here for example of co-operative railway loading. Further optimisation potential lies in merging supply chain services (“Partners on the pallet, competitors on the shelf”) and double-deck loading.

Against the background of these developments and findings, also from the CoReLo project, chances are rising that in logistics, sustainability with pursues a fresh approach. So far, it is mainly about increasing efficiency (keywords: “Global Green New Deal” or “Third industrial revolution”) which is mainly also being pursued by the Efficiency Cluster Logistik Ruhr. The priority here is the reduction of greenhouse gases through technical solutions and the respectively huge investments into technologies. But efficiency increases alone will not suffice in the long run to achieve the

## Fresh approach to sustainability

goals for reducing emissions. Accordingly, logistics concepts should be thought through which in future can respond adequately to global challenges. Sustainability strategies should proactively include social developments and take into account a fundamental change of behaviours and structures. Logistics has the opportunity to become active as a leading industry in order to develop new markets and future prospects and to think up strategies in networks, for example with the retail trade:

This refers first of all to the area of sustainable lifestyles. The market volume for people (so-called LOHAS) who orient their consumerism towards the basis of sustainability criteria is estimated at over Euro 200 billion world-wide by now. The development of new sustainability-oriented markets prerequisites that consumers assume more responsibility



Optimisation potentials can be found in merging supply chain services created by the willingness to co-operate.



Consumers will change their consumption behaviour and assume greater responsibility.

cyclical economy or to enter into co-operations here – such as by recycling raw materials or with the intelligent control of materials flows (keyword: “cradle-to-cradle process”). Overall, logistics bear major opportunities to co-create the necessary transformation processes in terms of a sustainable development which takes our planetary boundaries seriously by uniting economic with socio-ecological value management. Their future potential lies not only in doing things efficiently, but also in doing them sufficiently. To use an established formula: Less is more (Mies van der Rohe). ●

ty through changed consumer behaviour. Therefore, it is becoming increasingly important in logistics that the supply side co-operates with the demand side and dovetails the “corporate” with the “consumer responsibility” side through joint product engineering or integrated supply systems (keyword: collaborative economy). Secondly, logistical sufficiency strategies will become more important, meaning strategies based on slowed and simplified supply processes (keyword: slow logistics). A deceleration of complex supply chain processes enables greater robustness and lower susceptibility to errors while generat-

## Goods should arrive safely and resources should be preserved

ing market potentials as there is a growing number of customers who are not interested in receiving the goods fast, but safely and with a focus of preserving resources.

Thirdly, logistics is able to expand its services more strongly towards the

### Particulars

Nora Meyer worked from 2007 until 2010 at a consultancy firm for sustainability management. Since 2010 she has been working as a research assistant at the Kulturwissenschaftliches Institut Essen, Center for Responsibility, Research at the BMBF-subsidised project titled “Integrated Corporate Social Responsibility Management in Supply Chain Networks” (CoReLo).



### Particulars

Johannes Reidel, born in 1968, studied technical cybernetics and philosophy at the universities of Stuttgart and Tübingen. In 2010 he did his doctorate in philosophy at Stuttgart University about sustainable development, corporate ethics and human rights. He is a research assistant at the Center for Responsibility Research of the Kulturwissenschaftliches Institut Essen.



# Tyre fair in Essen is a crucial meeting point for the industry

Experts of tyres, wheels and chassis technology from over 130 countries gathered in Essen in June to obtain information at the international “Tyres” fair about innovations in the global market, to place orders from the available selections, or to specifically prepare new agreements.



The Fiege Group was the sole logistics provider represented with its own stand.

**T**he Fiege Group was the sole logistics provider that had its own exhibition stand at the fair, which during the four days of the trade fair was attended by many portfolio clients and prospective new customers. “To my mind it is very important for our company to be represented at the tyre fair. This is where we come across first hand news from within the industry, so to speak, and learn about the different companies’ plans for the future. This helps us to further sharpen our claim as a tyre expert amongst logistics providers”, explains Stephan Wittenbrink, Fiege Sector Manager Tyres,

today branch manager at the tyre facility in Dortmund. Within the scope of the trade fair the Fiege Group had invited representatives from a variety of different companies from the tyre industry with whom there had not been any contact before, to a logistics workshop. A series of three short lectures – “Fiege – tyre logistics provider”, “Fiege – e-commerce” and “Mail order and reverse logistics shown on the basis of Fiege Switzerland” were used to present the company. Afterwards, possible logistics concepts and ideas were discussed with workshop participants for their companies. ●

## Fashion fair in Brno with innovative solutions

This year, the Fiege Group participated for the first time in the international STYL&KABO fair in Brno/Czech Republic. This trade fair is seen as a reputable fashion event by the central European market. It gave exhibitors and visitors alike sufficient opportunity to introduce innovative solutions and acquaint themselves with the global trends and requirements of the fashion industry. The exhibition, which was held in February of this year, recorded over 280 exhibitors from 14 countries and a turnout of more than 6,000 people. “Our participation in this fair clearly shows that the Fiege Group is a dependable co-operation partner to the fashion industry. Based on our worldwide experience we introduced and showed many modern solutions for the fashion business, showing how our customers can benefit from entrusting their logistics with us”, said Jaroslav Aujezdsky, managing director Fiege Czech Republic. The exhibition stand at the fair provided the backdrop for many personal conversations between new and established business partners and introduced customised value added services which can contribute significantly towards improving the textile supply chain.



# Innovative mind based on entrepreneurial spirit

How does an owner-managed medium-sized organisation manage to exist and grow in a fiercely competitive market? How much truth does the theory hold that family-run companies, due to their entrepreneurial spirit, are particularly innovative? Or are there special factors which allow family-run companies to keep pace with much larger companies in terms of growth and success?

The article is a summary of a lecture which Jens Fiege held on the occasion of the 129<sup>th</sup> Baden Badener Unternehmerge spräche forum. It was published with a similar content in the "Palais Biron", the magazine of Baden Badener Unternehmerge spräche.

**F**iege is often perceived as a "Hidden Champion" of the German economy – with a history that spans almost 140 years and major future potential. Ever since the current owners joined the company in the seventies, turnover has increased more than a hundred times. But wherein lies the recipe for success?

The family-run company was founded in 1873 as a haulage firm and in the meantime is owner-managed in the fourth and fifth generation. Fiege develops and implements integrated supply chain systems, amongst others for customers operating in the retail trade as well as in the industry, in healthcare and in e-commerce.

Many customers expanded strongly in line with globalisation and no longer sought merely a regional supply chain provider, but a service provider with a Europe-wide network. To be able to account for these demands the Fiege Group has been on a geographical expansion course since the early nineties. On the one hand new markets and regions were developed in co-operation with its customers. On the other hand, logistics providers were acquired in the customers' target markets. Today, Fiege is represented throughout the

whole of Europe and China with more than 200 locations.

What contributed equally strongly towards the growth was the "evolution" of logistical outsourcing. In line with the internationalisation of the markets and as a result of the growing cost pressure in the eighties, the trend leaned more strongly towards outsourcing logistical services.

Fiege also benefited from the beginnings of this outsourcing trend, but the company already went one step further: In 1978 Fiege was commissioned by the tyre maker Bridgestone to set up a central warehouse in Germany and handle all customer deliveries. Fiege assumed also such services as import processing, returns handling or customs clearance, at the time already tied to a direct IT connection with the customer. This was the first Germany-wide concept for branded items. Contract logistics were born and Fiege is seen to this date as its pioneer.

But why has the outsourcing of logistical services seen such a strong increase over the past decades? Wherein lie the advantages of awarding contracts externally? One major advantage lies in the costs. An experienced logistics provider can offer services at a lower price, since operating >



For the tyre industry Fiege developed the first nation-wide logistics concept for branded items.



The healthcare segment is equally looking into more low-cost, efficient solutions.

for several customers produces economies of scale. Also, the company's costs can be structured variably. Fixed expenses can be avoided in the case of growth spurts or especially if there is a decline in volume.

With regard to the strategic aspect, a good logistics provider has knowledge that spans a range of industries. This may lead to the constant optimisation of supply chain processes and can be used even by the customer's inherent processes.

Since companies need not maintain their own storage structures, in the long run they are much more flexible to respond. Logistics regularly undergo a complete overhaul and if need be, can be converted at short notice, or even relocate.

Fiege has long gone beyond merely providing only the underlying supply chain processes for companies. Fiege deals instead much more with the design, the implementation and organisation of supply chains and the integration of many customer-specific

services, such as e.g. the design of packaging, pre-production operations, commercial services, call centre services, etc.

The more complex the services to be awarded are, the greater the basis of trust between the customer and the logistics provider has to be. When taking a look at customers' expectations, reliability ranks first, followed by the prospect of reducing costs. For customers, it is also important to have a flexible logistics partner who can respond with speed.

Fiege as an owner-managed company fulfils these requirements to the optimum, since the company on the one hand stands for trust, continuity and durable service operations while on the other, flat hierarchical structures enable the continuous adjustment to the fast-changing supply chain market and related changes of the customers' needs.

But how does Fiege manage to recognise market trends and the relevant customer requirements not only at an

early stage, but also to implement these into practice?

Innovations can be created in many different ways. Two different approaches from Fiege are introduced in the following. Firstly, one example from within hospital logistics.

Since the costs of healthcare are exploding, hospitals have been seeking solutions to reduce inefficient and

## Trust, continuity and durable service operations

cost-intensive process flows. With a substantial amount of expertise and in co-operation with a hospital association, Fiege set up a services centre for the healthcare sector, the Medical Order Center (MOC). All products needed by and at a hospital are initially supplied to the MOC, where they are converged and then distributed according to demand to the indi-

vidual hospitals. The medicines are not just dropped off at the incoming goods point, but are taken out of their packaging and delivered straight to the wards.

By creating the MOC which enjoys a pilot character for Germany, services were substantially improved at hospitals. Fiege did not reinvent the wheel for this innovation – on the contrary. Already existing process elements from industries without any connection to healthcare logistics, were used and rearranged. This allowed for the development of an innovative solution on the basis of recycled knowledge in a totally remote market.

A further example of an innovation is the formation of the personnel logistics company Fiege uni/serv. A few years back, recruitment agencies were sought that could offer to Fiege personnel with a background in logistics. Especially for customers with highly fluctuating order cycles, Fiege had a major need for qualified logistical employees who could be quickly deployed and did not need extensive

training. The offer in this segment, however, was close to zero. Hence the business idea for Fiege uni/serv was developed.

Today, Fiege uni/serv is a certified training provider that qualifies those seeking employment and even trains its own employees. Existing staff of Fiege are not outsourced, instead, those seeking work are specifically trained for future activities within logistics by participating in logistics workshops.

The approach to this innovation, however, is totally different than in the first example. Fiege did not respond to a development in the supply chain market or a customer's needs, but had established a demand of its own. In doing so, a market niche was recognised at an early stage and closed.

Fiege, just as many other large groups, has an internal suggestion scheme and department dedicated to process innovation. However, the innovation idea goes much deeper at Fiege. The company has been culti-

vating an innovation culture which guarantees corporate growth for years. This culture is on the one hand lived by the entrepreneurial thinking of its owners. On the other, the company depends on the creativity and willingness to change of employees. The flat hierarchical structure permits ideas of potential to have direct access to superiors or the board. In this regard, the structures differ substantially from Group structures. Short communication paths with and between employees means that market trends are spotted more quickly and that the necessary resources can be provided at short notice.

But wherein lies the precise success recipe of Fiege? Two factors can be determined: On the outside it is especially the physical expansion that is perceived through the development of new markets; on the inside, the company is carried by its innovation culture. It was because of this that Fiege was able to co-define the drastic development of the logistics industry and benefit from it for itself. ●





# Creative ideas and incentives for day-to-day work

“The co-operation with Osnabrück University is important to our company: We want to inspire students’ interest in logistics and counter the distinctive lack of skilled personnel felt especially in our region – at the same time we want to gain creative ideas and incentives for our day-to-day work and our strategic orientation in the company”, says Jan Fiege, Director Real Estate of the Fiege Group.

## Co-operation with Osnabrück University

Intensive co-operation between Fiege and Osnabrück University for two years; support with the practice-oriented business administration and communication project; “Sim” corporate strategic planning simulation; support with Bachelor and Master thesis and interns; placement of lectures; joint participation in regional competency network for individual logistics (KNO – Kompetenznetzwerk für Individuallogistik); regular mutual consultations on technical topics.



The co-operation between Fiege and Osnabrück University was further intensified this year.



Introduced their practice-related projects at the System Headquarters of the Fiege Group: students from Osnabrück University.

**D**uring the presentation of a wide-ranging university project which was held at the company's system headquarters, students from Osnabrück University presented the findings from the joint projects of the year to Jan Fiege, Alfred Messink, CFO and further managers of the Fiege Group. For the second time already the logistics provider was highly committed towards a practice-oriented project with students from Osnabrück University, which had produced positive findings for both parties of the co-operation.

18 aspiring business economists in their fifth semester had worked throughout the entire summer semester under the auspices of Fiege mentors Johanna Pilz, Martin Rademaker, Karsten Oelmann and Elisabeth Bröring on specific topics of relevance to the strategic orientation and operational practice of the company:

- “Shanghai Noon – Fiege Fashion goes China”. Students presented a comprehensive analysis of the Chinese market, its target customers, the competition and sales channels.
- “Supply Chain Integration – Marketing of the Preca Concept”; to support the supply chain integration Fiege already uses the web-based tool “AX 4”: to market this product and showcase the beneficial processing, students crated a sales presentation and a sales brochure.
- “Last Mile Logistics for the Hamburg conurbation area” – This is where the student group showed a supply chain solution for online trading. Different scenarios were chosen which took into consideration the city's special traffic demands and which also took into account an innovative approach

for the “last mile” problem to the end consumer.

The individual findings were debated following the presentation and handed to Jan Fiege as a manual, who as the host presented the event. The event was concluded with a pleasant get-together during which Fiege employees, tutors and students were able to consolidate their exchange about the topics. All participants voiced major interest in continuing this project series in the years to come and thus to further expand Fiege's co-operation with the university and give students the possibility to combine theory with practice. “Even in future we would be pleased if Fiege and Osnabrück University found joint co-operation approaches in order to prepare students optimally for the labour market of the supply chain sector”, says Karsten Oelmann, Sector Manager Retail & FMCG at Fiege. ●



### Fiege International Team

The FIT has existed for eleven years now. Within the scope of the Management Development Programme, the FIT is to assist in advancing junior managers while at the same time contributing towards the integration of various Fiege companies at home and abroad. The young employees are prepared for their future strategic, customer-oriented and project-related duties in four modules by internal and external coaches. Pro-

jects from the past years included, for example: gathering regional information for a Fiege database to improve the internal communication platform, the "Intranet"; setting up a children's playground in Münster; renovation of a grammar school in Bocholt. The projects alternate between an internal, regional, international and social focus and tend to be financed by the team members and realised with a very small budget.

## A programme for severely-ill children

Ten young and highly-motivated employees from the Fiege Group, originating from six different European countries, have shown major dedication in realising a project in Budapest. The project is in aid of severely-ill children in Hungary and allows these to enjoy a relaxing one-week stay at a camp, to help them forget about their serious affliction and possibly speed up their recovery.





up of the games was in the hands of the Fiege team. At eight interactive adventure stations, children are taught by playing a game to experience nature with all of their senses during their one-week stay. This includes, for example, “haptic and olfactory games” which are related to the plants and animals living in the forest. “It was also a very special experience for us, to be actively involved in the planning, the setting up

and installation of these stations and then to see the joy of the children during the inauguration of the trail”, says Bettina Pick, Fiege Manager Personnel Development and co-initiator of FIT 2011. “Parents and children welcomed our project with major enthusiasm.” Stefano Vincinelli, member of the International Board Fiege, was a helpful sponsor in the background who actively supported the team in many situations. ●

**T**he Fiege International Team (FIT) is formed for one year respectively and is comprised of ten to twelve young men and women with a focus on international business, who have already gained initial experience with leadership and project management responsibilities, or as a specialist. One of the project’s focal points is to plan and solve a project task within the team during the one-year co-operation. This development programme has been in place for over five years and by now has dedicated substantial resources to a variety of projects at home and abroad.

From the many different proposals that came in from Italy, Switzerland, Poland, the Czech Republic, Hungary and Germany, the FIT members selected the Budapest project: at the grounds of a children’s convalescence camp for severely-ill children which around 600 children go to every year, an adventure trail was to be set up in a cabin located in the “Magic Forest”. The planning, execution and setting



The children had a lot of fun at the interactive experience stations.



The members of FIT 2011 in front of the cabin at the Magic Forest and the responsible helpers on site in Budapest: (standing, from left to right) Wojtek Wieczorek, Stefano Vincinelli, Tobias Hepke, Barbara Meyer, Bettina Pick, Istvan Vilmos Vincze, Karel Hlavacek, Rita Reisinger and Olivier Brenner; front row: Johannes Wattendorf, Stephanie Ripplinger, Marina Teigeler and Zaneta Lechowska.





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